"(2) From the sum described *in* paragraph (1), the State educational agency shall distribute funds for use among local educational agencies, intermediate educational agencies, and consortia in the State on the basis of the relative enrollments in public schools and private nonprofit schools served by such agencies and consortia.

"(3)(A) Not later than July 1 of each year, the State educational agency shall inform each local educational agency, intermediate educational agency, and consortium in the State of the amount allocated to such agency or consortium from amounts available under subsections (b) and (c) of section 5121. If a local educational agency or a consortium of local educational agencies chooses not to apply to receive the amount allocated to such agency under this subsection, the State educational agency—

"(i) shall distribute such amount to the intermediate educational agency serving such local educational agency or consortium; or

"(ii) may, if it is able to facilitate the arrangement of a consortium among local educational agencies in the State that choose not to apply to receive the amounts allocated to such agencies under this subsection, distribute such amount to such consortium.

"(B) The State educational agency shall distribute to a local educational agency, intermediate educational agency, or consortium the amount allocated to such agency or consortium from amounts available under subsections (b) and (c) of section 5121 upon the approval of an application for such agency under section 5126.

"(4)(A) Except as provided in subparagraph (B), upon the expiration of the 1-year period beginning on the date that a local educational agency, intermediate educational agency, or consortium under this subsection receives its allocation under this subsection—

"(i) such agency or consortium shall return to the State educational agency any funds from such allocation that remain unobligated; and

"(ii) the State educational agency shall reallocate any such amount to local educational agencies, intermediate educational agencies, or consortia that have plans for using such amount for

programs or activities on a timely basis.

"(B) In any fiscal year, a local educational agency, intermediate educational agency, or consortium may retain for obligation in the succeeding fiscal year—

"(i) an amount equal to not more than 25 percent of the allocation it receives under this subsection for such fiscal year; or

"(ii) upon a demonstration of good cause by such agency or consortium, a greater amount approved by the State educational agency/*; and

(2) in subsection (b)—

(1) in paragraph (2), by inserting after "materials" the following: "that clearly and consistently teach that illicit drug use is harmful"; and

(2) in paragraph (5), by striking "2.5 percent" and all that follows and inserting "5 percent of the amounts available under subsections (b) and (c) of section 5121.".

SEC. 8. LOCAL DRUG ABUSE EDUCATION AND PREVENTION PROGRAMS.

Section 5125 of the Drug-Free Schools and Communities Act of 1986 (20 U.S.C. 3195) is amended in subsection (a)—